

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4010-02  
Bill No.: HCS for HB 1577  
Subject: Education, Higher; Elementary and Secondary Education Department  
Type: Original  
Date: April 4, 2008

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Bill Summary: This proposal adds two-year public and private vocational or technical schools to the A+ Schools Program and creates the "Community College Associate Degree Transfer Incentive Scholarship Program."

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$121,700 to \$368,200)	(\$253,100 to \$765,800)	(\$253,100 to \$796,400)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$121,700 to \$368,200)</b>	<b>(\$253,100 to \$765,800)</b>	<b>(\$253,100 to \$796,400)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>			

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

#### **Section 160.545 A+ Schools Program**

Officials at the **Department of Higher Education (DHE)** assume this legislation expands the A+ program, which will not impact the DHE.

Ranken Technical College is currently the only school who is not eligible for A+ reimbursement that would become eligible if this bill is passed. Ranken annually averages 200 first-time students from Missouri. If half of these Missouri students are eligible for A+ reimbursements, 100 additional A+ awards will be given each year. The cap on eligible students would be at 200 as only students in 2 year institutions are eligible to receive the scholarship. The legislation specifies that the tuition reimbursement shall not exceed the tuition charged by the community college. The fall 2007 tuition and fee rate for St. Louis Community College (Ranken's local community college district) is \$2340 in-district and \$3,540 out-of-district. Assuming at 4% inflation rate for each year and that half of the students are in-district and half out-of-district, the total cost per year ranges from \$121,700 (50 students X \$2,434 in-state tuition rate ) to \$368,200 (100 students X \$3,682 out-of-state tuition rate) for these students to receive an associate degree (two-year program).

Officials at the **Department of Elementary and Secondary Education (DESE)** state that as of July 1, 2007, there were 231 high schools designated A+ out of 565 high schools. It is unknown how many A+ students currently attend the institutions described in this proposal or how many may attend if the legislation should pass.

In addition, allowing private institutions to participate in the A+ program would require the entire A+ program to move to an IFB (invitation for bid) process in order to comply with the provisions of Chapter 34 RSMo. The IFB process would require at least one FTE supervisor.

**Oversight** assumes that this proposal is expanding the existing A+ program to allow students to attend private vocational and technical schools instead of the current public only schools. For the private school to participate the school must meet certain requirements. Oversight assumes that few private schools will meet the rigorous requirements to be eligible for participation. Oversight assumes that the Department of Elementary and Secondary Education can absorb the cost of monitoring the additional schools with existing resources.

#### **Section 173.272 Community College Associate Degree Transfer Incentive Program Fund**

Officials at the **Department of Higher Education (DHE)** assume the proposed legislation would also create the Community College Associate Degree Transfer Incentive Program

ASSUMPTION (continued)

(commonly known as the "completer scholarship") to provide scholarships to public two-year institution graduates continuing their education at public or private four-year institutions. The DHE would be responsible for promulgating rules and regulations for this program, establishing performance standards that provide for the continuation of the scholarship, developing all procedures associated with operating the program, and disbursing funds to institutions.

The DHE assumes that no scholarships would be awarded during the period that this fiscal note covers. The DHE would likely need an additional staff person to administer this program, but that person would probably not be hired during the time period that this fiscal note covers. The DHE would also incur costs associated with reprogramming its financial aid delivery software, but those costs will likely not be incurred during the time period that this fiscal note covers.

Officials at the **Office of the State Treasurer, Metropolitan Community College, Department of Revenue, Lincoln University, Linn State Technical College**, and the **University of Central Missouri** assume that there is no fiscal impact from this proposal.

**Oversight** assumes that the provisions relating to the Community College Associate Degree Transfer Incentive Program become effective on January 1, 2012 which is outside the scope of this fiscal note. However, Oversight assumes that the cost of this program will begin in FY 2012 and that it is difficult to determine the total number of students who would be eligible for this program or the amount of tuition those students pay. Oversight assumes that since 50% of all schools are A+ schools then 50% of all students at Community College came from A+ schools. Oversight assumes that at least 25% of the 50% of Community College students would qualify for this program with a minimum award of \$1,000 to a maximum amount (using the average award of \$10,000). Oversight assumes a cost between \$1,016,000 to \$10,160,000 in today's dollar in FY 2012 for this scholarship. Additionally, the Department of Higher Education would need staff to manage the program.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Costs - Dept. of Higher Education</u>			
A+ Scholarships	<u>(\$121,700 to \$368,200)</u>	<u>(\$253,100 to \$765,800)</u>	<u>(\$253,100 to \$796,400)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<u><b>(\$121,700 to \$368,200)</b></u>	<u><b>(\$253,100 to \$765,800)</b></u>	<u><b>(\$253,100 to \$796,400)</b></u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows two-year public and private vocational and technical schools to participate in the A+ Schools Program if they are a member of the North Central Association and accredited by the Higher Learning Commission as of July 1, 2008, and are nonprofit organizations under federal tax law. Reimbursements to private schools must not exceed the community college tuition rate for similar course work offered within the service area of a community college or violate the constitutional provisions that prohibit the use of public funds for religious purposes.

The Community College Associate Degree Transfer Incentive Program is established for students who transfer from a public community college, or other two-year institution recognized by the Department of Higher Education to grant associate degrees, to a public or private four-year institution. Eligible students must have an associate of arts degree or a degree that contains 42 credit hours of general education core curriculum courses. Participating four-year institutions will establish additional eligibility requirements and apply to the Coordinating Board for Higher

FISCAL DESCRIPTION (continued)

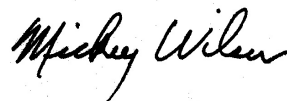
Education for funds to offer the scholarships. Scholarships may continue for a minimum of four semesters to a maximum of four years, with a minimum annual level of \$1,000, not to exceed the cost of attendance. The amount may be prorated for part-time students. The primary criterion will be need.

The provisions of the bill regarding the transfer incentive program will expire six years from the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education  
Metropolitan Community College  
Department of Elementary and Secondary Education  
Office of the State Treasurer  
Linn State Technical College  
Department of Revenue  
Lincoln University  
University of Central Missouri  
Office of the State Treasurer



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Director  
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